

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1722 – HB 1977

February 22, 2016

SUMMARY OF BILL: Requires the Bureau of TennCare or the Division of Health Care Finance and Administration (HCFA) of the Department of Finance and Administration to continue to use technical assistance groups (TAGs) of healthcare providers in developing any episode of care and to maintain the use of TAGs throughout the period of implementation of any episode of care when developing or implementing any payment reform initiative involving the use of episodes of care with respect to medical assistance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$25,600

Increase Federal Expenditures - \$47,600

Assumptions:

- Based on information provided by HCFA, the continued use of TAGs in developing and implementing payment reform initiatives involving episodes of care and summarizing recommendations cannot be performed within existing resources.
- TAGs provide clinical advice as part of the stakeholder process for the design of episodes of care but are not required by law to do so. TAG members are unpaid clinicians who donate their time for three to four meetings to advise on the design of episodes; under the proposed legislation, TAGs would become permanent entities.
- A typical three meeting TAG covers two episodes of care and the content of the meeting is generated through a consulting contract that is paid for by a grant in the amount of \$102,624.
- The state plans to design 75 episodes of care by 2020; currently 20 episodes have been designed. Some of the episodes address similar areas of medicine so it is estimated that 25 permanent TAG groups would be needed to fulfill the requirements of the proposed legislation. Assuming each of these TAGs meet twice a year, the state would need to support an additional 50 meetings per year.
- It is estimated the Bureau will need to employ one additional staff member to administer the requirements of the bill.
- The recurring increase in expenditures for salary and benefits is estimated to be \$73,219 (\$54,348 salary + \$18,871 benefits). Such expenditures will receive a federal match rate of 64.983 percent; the state will fund 35.017 percent.

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- The recurring increase in state expenditures is estimated to be \$25,639 ($\$73,219 \times 0.35017$).
- The recurring increase in federal expenditures is estimated to be \$47,580 ($\$73,219 \times .64983$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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